

To: All Store Managers, Assistant Store Managers, and Full-Time Managers-In-Training
From: Ben Knighten, VP Operations
Subject: Store Management Compensation Changes
Date: [REDACTED]

1. City Gear will implement a new compensation structure for all members of store management. This includes Store Managers (SM), Assistant Store Managers (ASM), and full-time Managers-In-Training (MIT).
2. The changes, as outlined below, go into effect [REDACTED]. The attached City Gear Pay and Benefits Fact Sheet provides information specific to each individual.
3. All full-time members of store management will be:
 - a. Paid on an hourly basis.
 - b. Classified as non-exempt, ie paid overtime wages for all hours over 40 per week.
4. The hourly rate you receive as of [REDACTED] will depend on your current position.
 - a. The hourly rate for all Store Managers and Assistant Store Managers who are not eligible for a sales commission will be calculated by taking your current weekly salary and dividing by 45. For example:

Weekly Salary	\$650
Weekly Hours	45
Hourly Rate	\$14.44

- b. The hourly rate for all Assistant Store Managers and Managers-In-Training who are currently eligible for a sales commission will be calculated by taking your current weekly salary, plus your average weekly commission over the past year, and dividing by 45. For example:

Weekly Salary	\$350
Weekly Commission	\$200
Total Salary	\$550
Weekly Hours	45
Hourly Rate	\$12.22

Note: If you have not been in position for at least one year, we will calculate your average weekly commission by taking your total commission earned and dividing by the number of weeks you have been in position.

5. All sales commissions will be eliminated and replaced with an incentive bonus program.
6. The bonus program will change as well. All full-time store management will be:
 - a. Paid a monthly sales bonus based on sales performance versus a target.
 - b. Paid a shrink bonus semi-annually based on shrink performance versus a target.
 - c. All bonus payouts will include an overtime premium paid for any overtime hours worked during the period covered by the bonus.
 - d. As always Company bonus plans are discretionary, ie based on performance and not guaranteed.
 - e. The attached City Gear Bonus Program provides information specific to each individual.
7. Store Managers and Assistant Store Managers are scheduled for 40-45 hours per week. Full-time Managers-In-Training are scheduled for 30-40 hours per week. Hours worked outside this range will need prior approval by the District Manager (DM) or result in possible disciplinary action.
8. As has always been the case, all hours must be recorded. In other words in no case will you work off the clock.
9. Other benefits will remain unchanged as described in the Employee Handbook.

City Gear
Pay and Benefits Fact Sheet

General

- This statement outlines your pay and benefits provided to you by City Gear ("Company").
- The compensation outlined in this statement is subject to modification by the Company according to the needs of the business.
- Company bonus plans are discretionary, ie based on performance and not guaranteed.
- Store Managers and Assistant Store Managers are scheduled for 40-45 hours per week. Full-time Managers-In-Training are scheduled for 30-40 hours per week. Hours worked outside this range will need prior approval by the District Manager (DM) or result in possible disciplinary action.
- If you have any questions about your compensation, please contact your supervisor.

Employee: _____

Position: Hourly, non-exempt

Store: _____

Pay

Amount \$ _____/hour of base pay for hours worked less than or equal to 40 hours/week

Overtime 1.5 times the base pay. Only on hours worked greater than 40 hours/week.

Frequency Paid weekly

Sales Bonus

Eligible Active employee and in position for first full month in bonus eligible position

Amount _____/hour worked during the period covered by the bonus

Shrink Bonus

Eligible Active employee and in position for period covered by the physical inventory

Amount _____ hour worked during the period covered by the bonus

Other Benefits

Includes Health insurance, vacation, sick days, bereavement, etc.

Details Outlined in the Employee Handbook

By signing below, I acknowledge that I read and understand my compensation and had the opportunity to ask all questions.

Employee Name

Supervisor Name

Employee Signature

Supervisor Signature

Date

Date

City Gear Bonus Program

Monthly Sales Bonus

Program Details

- Each month a single and double sales bonus target is set for each store and district.
- Targets are posted each month on the stores' website.
- After the month is over, actual sales are compared to the single and double sale bonus target to determine if any bonus was earned.

Eligibility Requirements

- Must be in position and an active employee for entire month of the bonus period.
- Must be an active employee at time of payout.
- Employees on leave of absence are not considered active for bonus purposes.

Bonus Potential

- District Manager
 - \$417/month for exceeding target. \$833/month for exceeding double bonus target.
- Store Manager
 - \$1/hour for each hour worked during the month for exceeding target. \$2/hour for exceeding double bonus target.
- Assistant Manager
 - \$0.50/hour for each hour worked during the month for exceeding target. \$1/hour for exceeding double bonus target.
- FT 3rd Key
 - \$0.25/hour for each hour worked during the month for exceeding target. \$0.50/hour for exceeding double bonus target.

Shrink Bonus Eligibility Requirements

Program Details

- Inventories are done twice per year.
- After each inventory actual shrink results are determined and bonus is paid if shrink is less than 1% of sales.

Eligibility Requirements

- Must be in position and an active employee for entire period covered by the inventory.
- Must be an active employee at time of payout.
- Employees on leave of absence are not considered active for bonus purposes.

Bonus Potential

- District Manager
 - \$1,500 for shrink less than 1% of sales (twice per year).
- Store Manager
 - \$0.16/hour for each hour worked during the time between inventories for shrink less than 1% of sales (twice per year).
- Assistant Manager
 - \$0.08/hour for each hour worked during the time between inventories for shrink less than 1% of sales (twice per year).

All bonus payouts for hourly employees will include an overtime premium paid for any overtime hours worked during the period covered by the bonus.

****All incentive programs are discretionary and can be changed or cancelled at any time****